



**FILED**

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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company for Approval of its Residential Rate Design Window Proposals, including to implement a Residential Default Time-Of-Use Rate along with a Menu of Residential Rate Options, followed by addition of a Fixed Charge Component to Residential Rates (U39E).

Application 17-12-011

And Related Matters

Application 17-12-012

Application 17-12-013

**AMENDED SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER  
FOR PHASES II AND III OF THE PROCEEDING AND JOINT RULING WITH  
ADMINISTRATIVE LAW JUDGES**

**Summary**

This Amended Scoping Memo and Ruling (Amended Scoping Memo) amends the prior Scoping Memo and Ruling to set forth the category, issues, need for hearing, schedule, and other matters necessary to scope Phases II and III of this consolidated proceeding pursuant to Public Utilities Code Section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure.<sup>1</sup>

<sup>1</sup> California Code of Regulations, Title 20, Division 1, Chapter 1; hereinafter, Rule or Rules.

## **1. Background**

Decision (D.) 15-07-001 required Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas and Electric Company (SDG&E) to each submit a residential rate design window (RDW) application to implement time-of-use (TOU) as the default residential rate in 2019.<sup>2</sup> On December 20, 2017, PG&E filed Application (A.) 17-12-011 and SDG&E filed A.17-12-013, their respective RDW applications, to implement residential default TOU rates. On December 21, 2017, SCE filed its RDW application, A.17-12-012, to implement residential default TOU rates. On January 25, 2018, a ruling was issued consolidating the three RDW applications.

A prehearing conference (PHC) was noticed by ruling on January 26, 2018. SCE filed a joint PHC statement on behalf of all of the parties on February 14, 2018.<sup>3</sup> On February 21, 2018, the PHC was held to determine parties, discuss the scope, the schedule, and other procedural matters.

On February 21, 2018, prior to the PHC, counsel for the CCA Parties sent an e-mail to the assigned Administrative Law Judges (ALJs) and service list stating that counsel would be unable to participate in the PHC due to unforeseen travel circumstances and arguing that the issue of allocation of default TOU implementation costs should be considered as part of the scope of the

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<sup>2</sup> D.15-07-001 at 172 and Ordering Paragraphs 9-11.

<sup>3</sup> The joint PHC statement was filed on behalf of PG&E, SDG&E, SCE, the Office of Ratepayer Advocates (ORA), The Utility Reform Network (TURN), the Center for Accessible Technology (CforAT), the Utility Consumers' Action Network, the Consumer Federation of California (CFC), the Environmental Defense Fund, East Bay Community Energy, the CCA Parties (Marin Clean Energy, Sonoma Clean Power, Peninsula Clean Energy, and Silicon Valley Clean Energy), California Choice Energy Authority, and the Solar Energy Industries Association.

consolidated proceeding. Pursuant to the assigned ALJs' directive at the PHC, on February 23, 2018, the CCA Parties filed the e-mail as a supplemental PHC statement. On March 5, 2018, PG&E, SCE, SDG&E, ORA, and TURN timely filed responses to the CCA Parties' supplemental PHC statement.

Parties generally agreed to a three-phased approach (with the second phase further bifurcated) to resolving issues in this proceeding. A Scoping Memo and Ruling was issued on March 1, 2018 setting forth the scope of issues and schedule for Phase I, which will resolve threshold timing questions related to the proposed start dates of residential default TOU. This Amended Scoping Memo sets forth the scope and schedule for the remainder of the proceeding, which will address issues specifically related to the investor-owned utilities' (IOUs') proposed rate designs.

## **2. Scope**

The scope of issues for Phases II and III are determined based on the applications, parties' protests and responses, the joint PHC statement, discussion at the PHC, the supplemental PHC statement, and responses to the supplemental PHC statement.<sup>4</sup> Phase II will consider the IOUs' specific rate design proposals for default TOU and other rate options, as well as implementation issues for default TOU. Phase II will be bifurcated into Phases IIA and IIB in order to timely resolve issues on a schedule that will enable each IOU to implement

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<sup>4</sup> PG&E's Amendment to PHC Statement filed on March 13, 2018 was not considered in determining the scope and schedule. In this amendment, PG&E offered a conditional stipulation regarding the proposed scope and schedule for Phase 2 of the proceeding. No other parties joined this conditional stipulation and this ruling declines to provide PG&E with an additional opportunity to provide comments. Parties have had sufficient opportunity to comment on these issues.

residential default TOU on the start date adopted for that utility.<sup>5</sup> Phase III will consider the IOUs' proposals for fixed charges and/or minimum bills. Issues related to fixed charges may be considered in a later phase because the Commission has determined that fixed charges cannot be implemented until at least one year after default TOU.<sup>6</sup>

**Phase IIA:**

The following issues are determined to be within the scope of Phase IIA of this proceeding:

A. SDG&E-specific issues

1. Whether SDG&E's proposed rate options are reasonable, including:
  - A 3-period tiered default TOU rate as the mass TOU default rate;
  - A 2-period tiered opt-out TOU rate as a simpler TOU rate option; and
  - A tiered opt-out rate option.
2. Whether SDG&E's proposal to close Schedule DR-SES (Domestic Time-of-Use for Households with a Solar Energy System) to new customers and make Schedule EV-TOU-2 (Electric Time-of-Use for Electric Vehicle Charging) available to all residential customers, to be renamed Schedule TOU-D, is reasonable.

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<sup>5</sup> The phasing and associated schedule for considering each IOU's rate design proposals may be modified if necessary based on the start date for residential default TOU adopted in the Phase I decision. A Phase I decision is expected to be adopted at the May 10, 2018 Commission meeting.

<sup>6</sup> D.15-07-001 set forth four conditions that must be met prior to further consideration of fixed charges and stated that if all four conditions have been met, "a fixed charge can be implemented with an effective date at least one year after the start of default TOU." (D.15-07-001 at 193.)

3. Whether SDG&E's Mass TOU Default Migration Plan,<sup>7</sup> including its operational approach to implementing this plan, is reasonable.
  4. Whether SDG&E's marketing, education, and outreach (ME&O) plan is reasonable and should be adopted.
  5. Whether SDG&E's determination of customer eligibility for default TOU is consistent with Public Utilities Code Sections 745(c)(2) and 745(d), and D.17-09-036.
  6. Whether SDG&E's method for identifying and excluding ineligible customers from default TOU is reasonable.
  7. Whether SDG&E's bill protection proposals are reasonable and consistent with the law.
  8. What information SDG&E should be required to provide in its "rate conversation" script to be used when new customers start service.
- B. SCE-specific issues
1. Whether SCE's proposal to restructure the California Alternate Rates for Energy (CARE) discounts into a single line item percentage discount to the customer's total bill is reasonable.
  2. Whether SCE's proposal to deliver the Family Electric Rate Assistance (FERA) discount as a line-item discount is reasonable.
- C. PG&E-specific issues
1. Whether PG&E's proposal to restructure the CARE discounts into a single line item percentage discount to the customer's total bill is reasonable.

**Phase IIB:**

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<sup>7</sup> The initial default TOU migration (IDTM) period is defined as "the period of time starting on the date the specific IOU begins migrating customers to default TOU and ending one year later." (D.17-09-036 at 35.)

The following issues are determined to be within the scope of Phase IIB of this proceeding:

A. SCE-specific issues

1. Whether SCE's proposal of two default TOU rates (TOU-D-4-9PM and TOU-D-5-8PM) is reasonable.
  - a. Whether SCE's proposed TOU rates, levels and bill impacts are reasonable.
  - b. Whether TOU periods/seasons should align for residential and non-residential SCE customers.
2. Whether SCE's proposal to default customers to each customer's "least cost" rate is reasonable.
3. Whether SCE's proposal to introduce seasonal differentiation to its Schedule D tiered rate (concurrent with the start of default TOU) is reasonable.
4. Whether SCE's proposal for a 15-month initial default TOU implementation period is reasonable.
5. Whether SCE's ME&O Plan is reasonable and should be adopted.

B. PG&E-specific issues

1. Whether PG&E's RDW rate design proposals are reasonable and should be adopted.
  - a. Whether PG&E's default TOU rate (E-TOU-C) is reasonable and complies with the Commission's residential rate reform guidance.
  - b. Whether PG&E's menu of optional rates (E-1, E-TOU-B, and E-FLAT) is reasonable and provides sufficient choice to residential customers.
  - c. Whether PG&E's proposals to update its SmartRate<sup>TM</sup> critical peak pricing rate rider's event hours and incentive payment rate structure are reasonable.
  - d. Whether PG&E's proposed Distributed Energy Resources (DER-A) pilot rate is reasonable and

provides appropriate incentives to customers with distributed storage (batteries), as well as those with storage plus solar, to operate their resources in a way that will mitigate grid operational challenges.

2. Whether PG&E's RDW rates implementation plans and ME&O plan are reasonable and should be adopted.
  3. Whether PG&E's proposal for a 12-month IDTM roll-out period is reasonable.
  4. Whether any fixed charge or PG&E's proposed E-FLAT's \$25 Volatility Mitigation Fee should apply only to PG&E's delivery portion of a Community Choice Aggregation (CCA) customer's bill.
- C. Issues Common Across Two or More IOUs
1. Whether, and if so when, the default TOU rates for PG&E and SCE should become the "standard turn-on rate" before mass migration occurs.
  2. Whether PG&E's and SCE's determinations of customer eligibility for default TOU are consistent with Public Utilities Code Sections 745(c)(2) and 745(d), and D.17-09-036.
  3. Whether PG&E's and SCE's methods for identifying and excluding ineligible customers from default TOU are reasonable.
  4. Whether PG&E's and SCE's bill protection proposals are reasonable and consistent with the law.
  5. What information PG&E and SCE should be required to provide in their "rate conversation" scripts to be used when new customers start service.
  6. Whether the IOUs' calculations of Greenhouse Gas reduction and economic benefits of TOU rates are reasonable.
  7. Whether the roll-out of default TOU to each CCA's customers should be accomplished over a single month.

8. Whether PG&E's and SCE's respective proposals for CCA rate comparison tool options are reasonable and should be adopted.
9. Whether SDG&E should develop a rate comparison tool in light of emerging CCA programs.
10. Whether the costs of a rate comparison tool for CCAs should be allocated to generation or distribution rates.
11. Whether the IOUs' ME&O proposals for CCA customers, as modified or impacted by the roll-out of default TOU to CCA customers, are reasonable.

**Phase III:**

The following issues are determined to be within the scope of Phase III of this proceeding:

**A. SDG&E-specific issues**

1. Whether SDG&E's proposal for a residential fixed charge of \$10 for non-CARE customers and \$5 for CARE, FERA, and medical baseline customers is reasonable.
2. Whether SDG&E's proposal for the implementation of a higher minimum bill amount based on a minimum level of service requirement (\$37.25 for non-CARE and \$18.62 for CARE, FERA, and medical baseline customers) is reasonable.
3. Whether SDG&E's proposal to offer a higher fixed charge option based on the total calculated fixed costs for the average residential service, which is \$67.30, is reasonable.

**B. SCE-specific issues**

1. Whether SCE's proposal for a residential fixed charge of \$7.48 for non-CARE customers and \$5.05 for CARE, FERA, and medical baseline customers is reasonable.
2. Whether it is reasonable for SCE to adjust its proposed fixed charges by actual Consumer Price Index (CPI)



increases from 2017-2021 when the increased fixed charges are proposed to be implemented.

3. Whether it is reasonable for SCE to implement both a fixed charge and a minimum bill.

C. PG&E-specific issues

1. Whether PG&E's request to increase its minimum bill amount to \$15 per month is reasonable (to be in effect only until any fixed charge is adopted and implemented).
2. Whether PG&E's fixed charge calculated using the rental method and a CPI adjustment starting in 2018 is reasonable.

D. Fixed Charge Issues Common to the IOUs

1. Whether a fixed charge should be part of the IOUs' residential default TOU and tiered rates and, if so, at what levels for non-CARE and CARE customers.
2. Whether any fixed charges adopted for any of the IOUs should start around 12 months after the start of that IOU's IDTM period.
3. Which method the IOUs should use to determine the minimum bill amount.
4. If the Commission allows for increased fixed charges, which method – the real economic carrying charge (Rental); the new customer hookup only method; or the adjusted rental method – should be used for determining the level of fixed charge.
5. Whether the IOUs' minimum observed cost method to determine minimum transformer and service line costs is reasonable.
6. Whether the IOUs' ME&O plans with respect to the proposed fixed charges are reasonable.

**Issues Out of Scope:**

The following issues are determined to be outside the scope of this proceeding:

1. Whether the IOUs should propose dynamic optional rates that incentivize distributed energy resources.

In order to give due consideration to the rate design proposals in the applications and issues regarding default TOU implementation, other new rate design proposals will not be considered in this proceeding.

2. Whether the Commission should continue to require that revenues from fixed charges be used exclusively to reduce Tier 1 rates and, if so, what the composite ratio should be.

The Commission has consistently required the IOUs to include any fixed charge amount as part of the Tier 1 rate for purposes of calculating the tier differential, which is known as the “composite tier methodology.” In D.15-07-001 issued in Rulemaking (R.) 12-06-013, the Commission recently reaffirmed that the use of the composite tier methodology is required by law.<sup>8</sup> Although SDG&E seeks reconsideration of this requirement, this issue was fully litigated in R.12-06-013 and SDG&E points to no changes in the law that would require reconsideration of this issue at this time.

3. Whether the IOUs’ proposal to allocate certain costs of default TOU implementation to distribution rates is reasonable with the exception that cost allocation issues related to the CCA rate comparison tool shall be within the scope of this proceeding.

Given that issues regarding the CCA rate comparison tool will be litigated in this proceeding, it is reasonable to include within the scope of this proceeding

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<sup>8</sup> D.15-07-001 at 97-98 and Conclusion of Law 11.

the issue of how to allocate the costs of the rate comparison tool.<sup>9</sup> With regard to allocation of other default TOU implementation costs, to the extent that the Commission has not previously identified how these costs should be allocated, the determination of cost allocation should be considered in the proceeding in which the IOU seeks recovery of the costs.

### **3. Categorization**

The Commission in Resolution ALJ 176-3411, issued on January 11, 2018, preliminarily determined that the category of the proceeding is ratesetting. This Scoping Memo confirms the categorization for Phases II and III of the proceeding. Anyone who disagrees with this categorization must file an appeal of the categorization no later than ten days after the date of this scoping ruling. (*See* Rule 7.6.)

### **4. Need for Hearing**

The Commission in Resolution ALJ 176-3411 preliminarily determined that hearings are required. This Amended Scoping Memo confirms that hearings are necessary for Phases II and III.

### **5. Schedule**

The adopted schedule for Phase IIA is:

EVENT	DATE
ORA & Intervenor Testimony Served	May 7, 2018
Rebuttal Testimony Served	June 7, 2018

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<sup>9</sup> This issue is included as issue C.10 for Phase IIB.

EVENT	DATE
SDG&E's Supplemental Testimony per 6/18 Survey Results Served	June 7, 2018
Evidentiary Hearings Commission Courtroom 505 Van Ness Ave. San Francisco, CA 94102	June 18 at 10:00 a.m.- June 29, 2018
Opening Briefs Filed and Served	July 20, 2018
Reply Briefs Filed and Served	August 3, 2018
Proposed Decision Issued	November 2018
Final Decision	December 13, 2018

The adopted schedule for Phase IIB is:

EVENT	DATE
PG&E and SCE's Supplemental Testimony per 6/18 Survey Results Served	August 17, 2018
ORA & Intervenor Testimony Served	October 26, 2018
Rebuttal Testimony Served	December 7, 2018
Evidentiary Hearings Commission Courtroom 505 Van Ness Ave. San Francisco, CA 94102	January 7 at 10:00 a.m.- January 18, 2019
Opening Briefs Filed and Served	February 15, 2019
Reply Briefs Filed and Served	March 8, 2019
Proposed Decision Issued	June 2019
Final Decision	July 2019

The adopted schedule for Phase III is:

EVENT	DATE
Supplemental IOU Testimony on Impact of Federal Tax Legislation on Proposed Rates and Fixed Charges Served	March 29, 2019
ORA & Intervenor Testimony Served	May 31, 2019
Rebuttal Testimony Served	June 28, 2019
Evidentiary Hearings Commission Courtroom 505 Van Ness Ave. San Francisco, CA 94102	August 5 at 10:00 a.m.- August 16, 2019
Opening Briefs Filed and Served	September 13, 2019
Reply Briefs Filed and Served	October 4, 2019
Proposed Decision Issued	Q1 2020

Each phase of this proceeding will be submitted upon the filing of reply briefs, unless the assigned Commissioner or the assigned ALJs direct further evidence or argument.

The assigned Commissioner or assigned ALJs may modify this schedule as necessary to promote the efficient management and fair resolution of this proceeding.

Given the number of issues the Commission must consider for all three consolidated applications, it is the Commission's intent to complete all phases of the consolidated proceeding by April 30, 2020. This deadline may be extended by order of the Commission. (Public Utilities Code Section 1701.5(a).)

## **6. Guidance Regarding Intervenor Compensation**

At the PHC, CforAT requested clarification on how intervenors should account for time and work that overlap between R.12-06-013 and the instant consolidated proceeding. CforAT specifically referenced intervenors' participation in the TOU working group, which was established in R.12-06-013. CforAT called attention to the fact that work in the TOU working group is ongoing and will relate to issues being decided in the consolidated proceeding.

Awards of intervenor compensation will be made consistent with statute and the Commission's Rules. The working groups established in R.12-06-013 play an important role in the development of recommendations for the rollout of default TOU, which will be implemented in this proceeding. Consistent with statute, intervenors are eligible for compensation in this proceeding to the extent that time spent in these working groups makes a "substantial contribution" to an order or decision made in this proceeding.<sup>10</sup> The compensation request may also include reasonable costs that were incurred prior to the start of the proceeding.<sup>11</sup> However, state law prohibits compensating an intervenor twice for the same work. Therefore, if an intervenor has received compensation in R.12-06-013 or another proceeding, it should not seek compensation for that same work in this proceeding.

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<sup>10</sup> Pub. Util. Code § 1803.

<sup>11</sup> Rule 17.4.

**IT IS RULED** that:

1. The category of Phases II and III of this proceeding is ratesetting. Appeals as to category, if any, must be filed and served within ten days from the date of this Amended Scoping Memo.

2. The scope of the issues for Phases II and III of this proceeding is as stated in “Section 2. Scope” of this ruling.

3. Hearings are necessary for Phases II and III of this proceeding.

4. The schedule for Phases II and III of the proceeding is set in “Section 5. Schedule” of this ruling. The assigned Commissioner or Presiding Officers may adjust this schedule as necessary for efficient management and fair resolution of this proceeding.

5. Except as expressly set forth in this Amended Scoping Memo and Ruling, the terms of the prior Scoping Memo and Ruling remain unchanged.

Dated April 10, 2018, at San Francisco, California.

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/s/ MICHAEL PICKER  
Michael Picker  
Assigned Commissioner

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/s/ KATHERINE MACDONALD for  
S. Pat Tsen  
Administrative Law Judge

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/s/ SOPHIA J. PARK  
Sophia J. Park  
Administrative Law Judge